

Budget Highlights

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BUDGET HIGHLIGHTS

FY 2004 FAIRFAX COUNTY BUDGET FACTS

Budget Guidelines

- ◆ In April 2002, the Board of Supervisors approved **Budget Guidelines** that directed the County Executive to develop a budget for Fiscal Year 2004 that limits increases in expenditures to projected increases in revenues.
- ◆ If Real Estate assessments continue to experience double-digit increases, the Board directed the County Executive to develop a budget for FY 2004 that includes a reduction in the Real Estate tax rate.
- ◆ **The County's transfer to the Fairfax County Public Schools (FCPS)** should also be limited to the projected rate of increase in County revenues.
- ◆ **In order to prevent future structural imbalances**, non-recurring funds will be directed toward non-recurring uses and only recurring resources may be targeted toward recurring expenses.
- ◆ **One-half of the balance** remaining after Carryover adjustments and the allocation to the Revenue Stabilization Fund is to be allocated to the Schools to support non-recurring requirements.

Tax Base

- ◆ **Total FY 2004 General Fund Revenue** is \$2.56 billion and reflects an increase of \$116.01 million or 4.75 percent over the *FY 2003 Revised Budget Plan*.
- ◆ **One Real Estate Penny** is equivalent to approximately \$13.05 million in tax revenue.
- ◆ **One Personal Property Penny** is equivalent to approximately \$0.97 million in tax revenue.
- ◆ **Average Residential Assessed Property Value** is projected at \$317,240.
- ◆ **The Commercial/Industrial percentage** of the County's Real Estate Tax base is 19.14 percent.
- ◆ **Assessed Value** of all real property is projected to increase \$14.3 billion or 12.48 percent over FY 2003.
- ◆ **Real Estate and Personal Property Taxes** (including the Personal Property portion being reimbursed by the Commonwealth) comprise approximately 77.0 percent of Combined General Fund Revenues.

Expenditures

- ◆ **General Fund Direct Expenditures** total \$945.56 million, a decrease of 0.98 percent from the *FY 2003 Revised Budget Plan*.
- ◆ **General Fund Disbursements** total \$2.56 billion and reflect an increase of \$69.06 million or 2.77 percent over the *FY 2003 Revised Budget Plan*.
- ◆ **The County General Fund Transfer** for school operations totals \$1.24 billion, an increase of \$69.60 million or 5.95 percent over the *FY 2003 Revised Budget Plan* transfer.
- ◆ **Expenditures for All Appropriated Funds** total \$4.5 billion.
- ◆ **General Fund Support for Information Technology (IT) Projects** is \$9.45 million. FY 2004 project consideration was guided by priorities established by the IT Senior Steering Committee. Projects with the highest priority include those mandated by the federal or state government and those necessary to complete previous project investments.
- ◆ **Pay-As-You-Go Capital Construction** projects total \$14.4 million.
- ◆ **Authorized Positions** for all funds are decreasing by a net 75/76.66 SYE positions in FY 2004. This reflects a decrease of 124/125.15 SYE positions associated with agency budget reductions, partially offset by an increase of 49/48.49 SYE positions, most of which are for new facilities.

Tax Rates

- ◆ **Real Estate Tax Rate** is reduced from \$1.21 to \$1.16 per \$100 assessed value.
- ◆ **Personal Property Tax Rate** remains at \$4.57 per \$100 assessed value.
- ◆ **Refuse Disposal Rate** remains constant at \$45 per ton.
- ◆ **Leaf Collection Rate** remains constant at 1 cent per \$100 assessed valuation.
- ◆ **Sewer Service Rate** increases from \$2.95 to \$3.03 per 1,000 gallons of water consumption.
- ◆ **Sewer Availability Charge** for new single family homes increases from \$5,247 to \$5,431.
- ◆ **Refuse Collection Rate** for County collected sanitation districts remains at \$210 per household.
- ◆ **Solid Waste Ash Disposal Rate** remains constant at \$11.50 per ton.
- ◆ **Integrated Pest Management Program**, a Countywide Special Tax, remains at \$0.001 per \$100 of assessed value, or an average of \$3.17 per household.
- ◆ **E-911 Tax Rate** is increased from \$1.75 to \$2.50 per line per month in order to recover more of the expenditures allowable by the *Code of Virginia*.

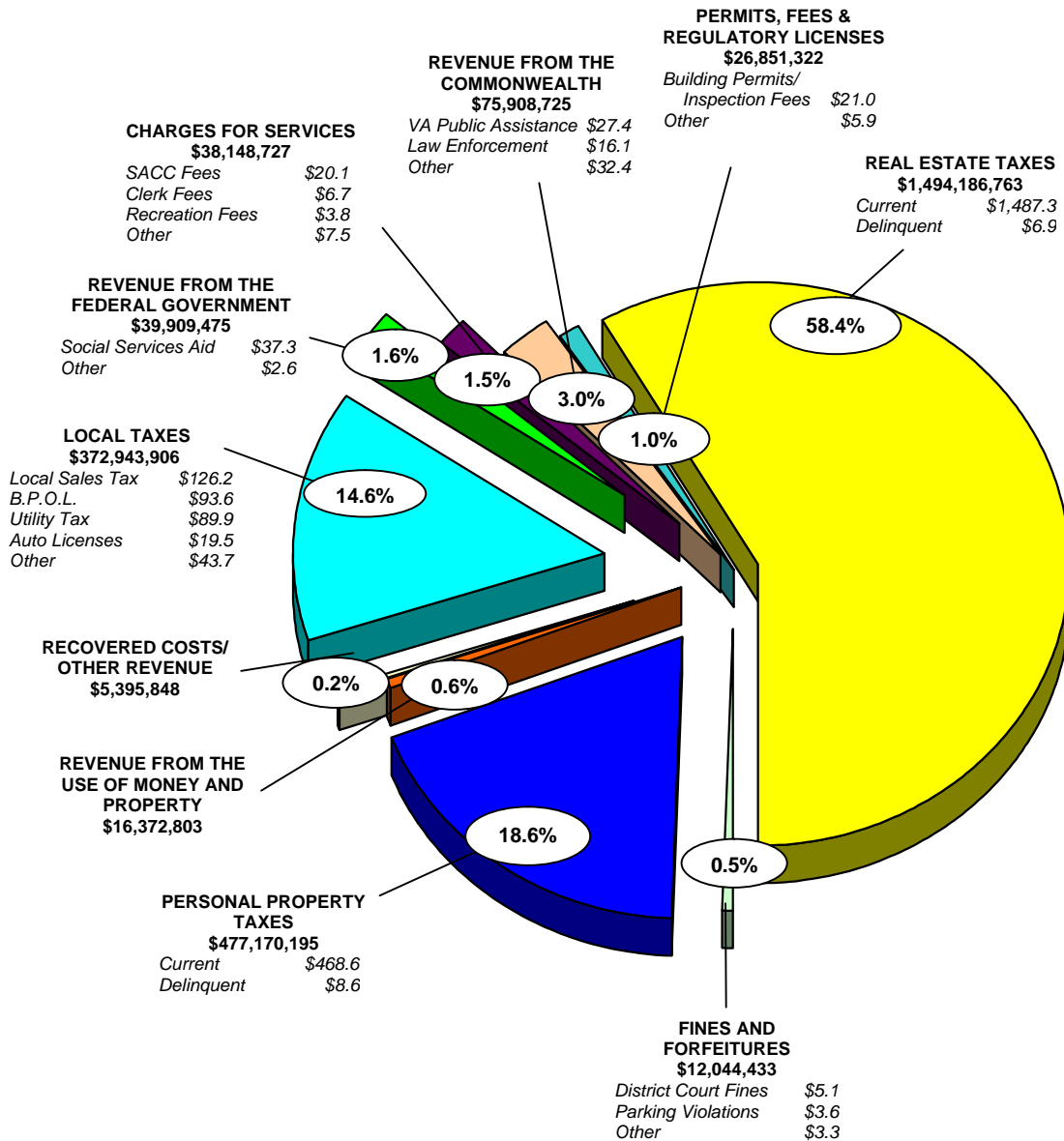
Population

- ◆ **Fairfax County's population** is projected to be 1,015,600 persons as of January 2003. This is an increase of 1.8 percent over the January 2002 estimate of 998,153 and an increase of 24.1 percent over the 1990 census count of 818,584.

BUDGET HIGHLIGHTS

FY 2004 GENERAL FUND RECEIPTS

Where it comes from . . .
(subcategories in millions)

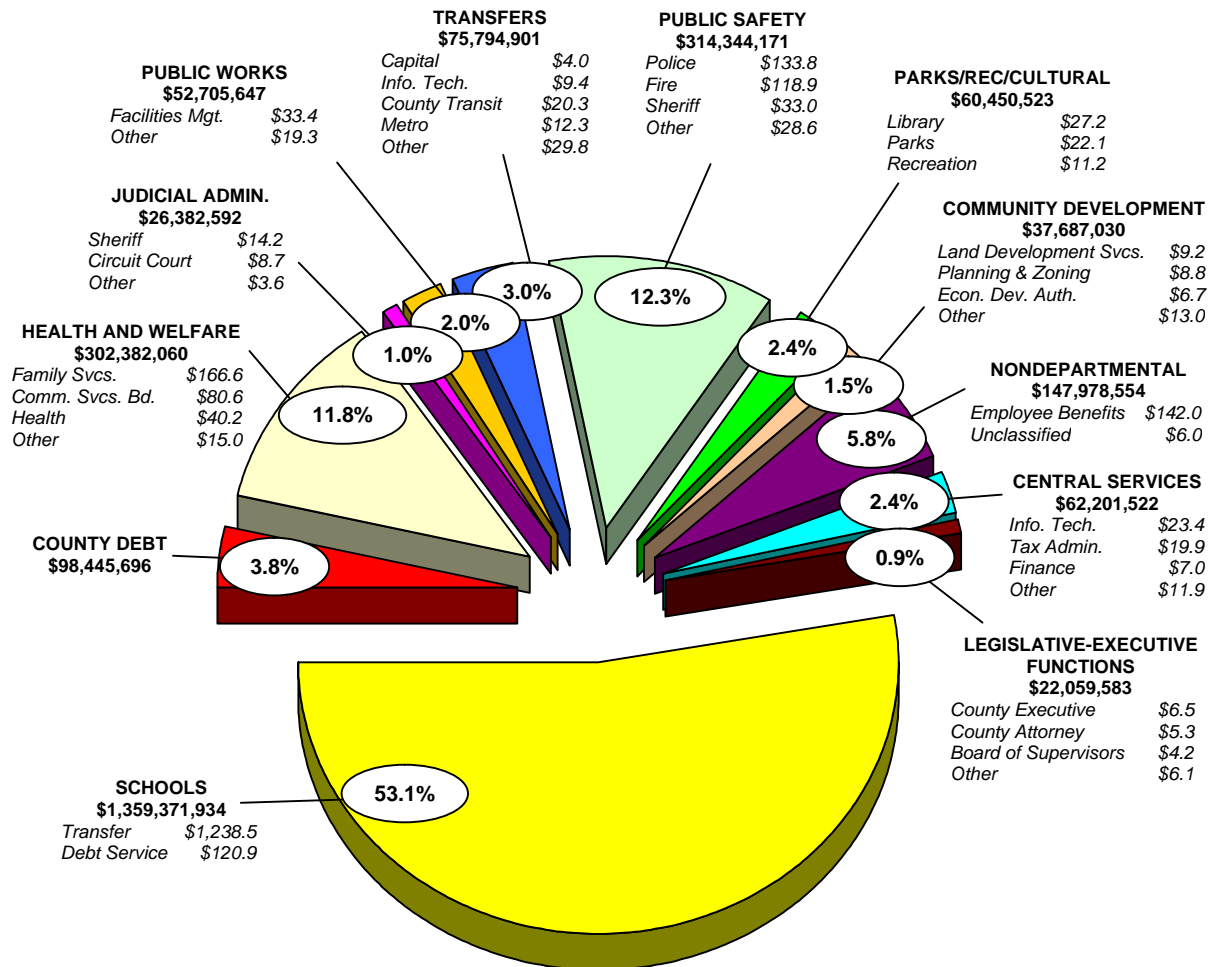


FY 2004 GENERAL FUND RECEIPTS = \$2,558,932,197

BUDGET HIGHLIGHTS

FY 2004 GENERAL FUND DISBURSEMENTS

Where it goes . . .
(subcategories in millions)



FY 2004 GENERAL FUND DISBURSEMENTS = \$2,559,804,213

BUDGET HIGHLIGHTS

BUDGET HIGHLIGHTS

This section provides a synopsis of major highlights of the FY 2004 Adopted Budget Plan, which includes a 5-cent reduction in the real estate tax rate, a net decrease of 75/76.66 SYE positions, as well as funding associated with the opening of new County facilities and other service requirements. The *Budget Highlights* are summarized in the following sections:

- ◆ County Support for Fairfax County Public Schools
- ◆ Support for Public Safety
- ◆ Other New Facilities
- ◆ Support for Youth, Family and the Community
- ◆ Support for Transportation
- ◆ Employee Compensation
- ◆ Reorganization/Redesign/Business Operations
- ◆ Capital Construction Program
- ◆ Tax Rate and Fee Adjustments
- ◆ Financial Forecast
- ◆ Performance Measurement
- ◆ Fairfax County Economic Index
- ◆ Budget Process Redesign
- ◆ Budget Reductions

County Support for Fairfax County Public Schools

For FY 2004, Fairfax County is providing 53 percent of its total General Fund budget to Fairfax County Public Schools (FCPS), which is the highest level in over 20 years. This level of funding accounts for approximately 75 percent of the FCPS Operating budget. The County provides funding through two transfers – one to support FCPS operations and another to support debt service for bond-funded projects to build new schools and renew older facilities.

General Fund Transfers

School Operating Fund

\$1.24 billion

A transfer of \$1,238,475,201 to the School Operating Fund is included, which represents an increase of \$69,599,934 or 5.95 percent. The combined transfer for School Operating and School Debt Service is \$1.36 billion, which represents 53.1 percent of total County disbursements.

BUDGET HIGHLIGHTS

School Debt Service

\$120.90 million

The FY 2004 transfer for School Debt Service is \$120,896,733, an increase of \$7,291,952 or 6.42 percent over the *FY 2003 Revised Budget Plan*. In FY 2004, the County has included bond sales of \$130 million for new construction and school renewals. Funding for Public School construction was \$130 million a year in FY 2000, 2001 and 2002, and \$136.4 million in FY 2003. The Board of Supervisors agreed to increase the annual bonding level from \$100 million to \$130 million in FY 2000 and again in FY 2001 contingent on FCPS paying the debt service from School Operating revenues. However, to help meet FCPS operating needs, the Board of Supervisors agreed to fund this additional debt service in FY 2003. The \$5.6 million cost is addressed in the FY 2004 budget. The Board of Supervisors and the School Board also approved a proposal to accelerate the construction of the South County High School by leveraging the proceeds from the sale and development of adjacent County-owned property in the Laurel Hill area. As part of the proposal, the County will sell an adjacent site for development as a senior graduated care facility and use the proceeds of \$18.2 million to partially fund the construction of the high school. Construction funding will be provided through a bond issue of the Fairfax County Economic Development Authority and secured through an Installment Purchase Contract with the County. Debt Service payments are expected to begin in FY 2007. In addition, the Park Authority has agreed to participate in the financing and will construct a golf course on adjacent park property. No appropriation is required in the FY 2004 Adopted Budget Plan for capital or operating expenditures as a result of this proposal.

Other County Support for FCPS

\$47.1 million

Fairfax County provides additional support to the Fairfax County Public Schools over and above the Operating and Debt Service transfers shown above. For FY 2004, this support totals \$47.1 million to fund the following:

- ◆ \$27.0 million for the Comprehensive Services Act (CSA), Head Start and School Age Child Care (SACC) programs
- ◆ \$8.5 million to support Public School Nurses and Clinic Room Aides for schools including the addition of 1/1.0 Staff Year Equivalent (SYE) Public Health Nurse and 6/4.53 SYE Clinic Room Aides
- ◆ \$7.0 million for School Crossing Guards; School Resource Officers who are now assigned to all FCPS high schools, middle schools and alternative schools; and security for activities such as proms and football games
- ◆ \$3.2 million for athletic field maintenance and other recreation programs
- ◆ \$1.3 million in services provided by the Fairfax-Falls Church Community Services Board and
- ◆ \$0.1 million for fire safety programs for preschool and middle school age students

Support for Public Safety

COPS UHP Positions

\$5.19 million

One vital component of the Police Department's commitment to Community Policing is the U.S. Department of Justice's Community Oriented Policing Universal Hiring Program (COPS UHP) grant. This program provides three years of federal funding support (in conjunction with a local cash match requirement from participating jurisdictions) to allow for the hire or rehire of additional sworn law enforcement officers as part of an overall plan to address crime and related problems through community policing. On October 28, 2002, the Board of Supervisors approved an additional 52/52.0 SYE positions associated with the COPS UHP VI grant to begin in FY 2004. This is the sixth grant of its kind awarded to Fairfax County. Funding of \$5,190,968 has been included in the FY 2004 Adopted Budget Plan for Fairfax County's local cash match requirement for this grant.

BUDGET HIGHLIGHTS

Anticipated Opening of Two New Fire Stations

\$3.90 million

To respond to the increasing service demands associated with population growth, two new fire stations, Fairfax Center and Crosspointe, will open in FY 2005. In anticipation of the opening of these new fire stations, FY 2004 funding of \$3.9 million is provided to begin phasing in staffing, including 15/15.0 SYE positions, as well as initiate procurement of the necessary vehicles and equipment that require a long lead-time for procurement. Phasing in these resources in advance will enable a more timely opening and provision of these essential public safety services. It is anticipated that prior to the opening of the two stations, 12/12.0 SYE positions will be used to staff a ladder truck at Station 27, West Springfield, enabling the Fire and Rescue Department (FRD) to address the need for this type of unit in this part of the County in advance of the availability of the two new stations. Once the two new stations are operational, the FRD will reassess the needs of all County stations with regard to operational requirements. FY 2005 costs associated with these two stations are anticipated to be \$6.2 million, including \$5.2 million for staffing as well as \$1.0 million for operating costs.

General Fund Transfer

Public Safety Communications Center Operations

\$5.42 million

Fund 120, E-911, accounts for E-911 revenues and expenditures separately as stipulated by Virginia General Assembly legislation approved in 2000. This fund includes revenue from estimated E-911 fees and Commonwealth reimbursement associated with Wireless E-911. All expenditures allowable by law associated with the Public Safety Communications Center (PSCC) are billed directly to this fund. Information technology projects associated with the PSCC are also budgeted in this fund. A General Fund Transfer supports any difference between revenues and expenditures. Expenditure requirements within this fund continue to increase and outpace E-911 revenue growth. FY 2004 Personnel Services expenditure requirements reflect the continued dependence on overtime to offset the high vacancy and turnover rates that have plagued the PSCC the last several years. FY 2004 operating expenses and IT expenditure requirements remain relatively stable, even as projects come to completion. To partially offset the increased costs of providing this service, and to reduce the reliance upon General Fund support, the E-911 tax rate is increased \$0.75 per line per month, from \$1.75 to \$2.50. This increase will generate an additional \$4.8 million. As a result, the General Fund Transfer for FY 2004 is \$5,421,174, a decrease of \$1,552,924 or 22.3 percent from the FY 2003 level of \$6,974,098.

West Nile Virus Prevention

\$1.61 million

In 2002, with 13 confirmed human cases of West Nile virus, Fairfax County reached Risk Level 5 as defined in the *West Nile Virus Response Plans* issued by the Virginia Department of Health and the Washington Metropolitan Council of Governments Health Officers Committee. Risk Level 5 is the highest defined risk level, indicating West Nile virus is endemic to the County and is here to stay for the foreseeable future. Staff is currently working to develop a comprehensive mosquito surveillance and management plan for Fairfax County to suppress the virus in the bird and mosquito populations and slow the transmission to humans. A subcommittee of the County's Environmental Coordinating Committee has been examining the challenges of addressing West Nile virus prevention and is identifying cross-agency strategies for the future direction and approach to mosquito surveillance and the treatment of geographically-affected areas. In FY 2004, funding of \$1,611,443 will provide for program management, treatment of 75,000 stormwater catch basins, trapping, site inspections, and vector testing to ascertain and control the spread of the virus. Of this funding, \$1,000,000 is budgeted within Fund 116, Integrated Pest Management, and the balance of \$611,443 is within the General Fund. During the 2002 General Assembly session, local governments were given authorization to amend their pest service districts to include mosquito treatment. The necessary action to amend Fairfax County's service district (Fund 116) is currently underway and is anticipated to be approved by the Board of Supervisors by July 1, 2003.

Emergency Medical Dispatch Program

\$0.07 million

The Emergency Medical Dispatch (EMD) Program is designed to train dispatchers at the Public Safety Communications Center to provide a systematic approach to event classification and call screening techniques that focus on identification of patient symptoms, prioritization of medical emergencies, the delivery of pre-arrival instructions to manage the medical emergency, and a quality assurance review process. The Board of Supervisors previously approved funding for the system, with implementation scheduled for late FY 2003. In order to ensure the effectiveness of the program, a coordinator is necessary to assume the responsibility of implementation and direct oversight of the EMD Program. FY 2004 funding includes \$56,837 in Personnel Services and \$13,765 in fringe benefits to fund a position that will address these functions.

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Other New Facilities

James Lee Community Center

\$0.63 million

Funding of \$625,427 and 6/6.0 SYE positions will support the opening and expansion of the renovated James Lee Community Center, which increases the facility from approximately 34,400 square feet to 57,400 square feet. Within this center, the Department of Community and Recreation Services will expand existing social and recreational programs for school-age children, adults, and senior citizens including Community Center, Therapeutic Recreation, Senior+, Senior Center, and Teen Center programs. Based on the anticipated construction schedule and transition requirements, the expanded Senior Center and Teen Center programs will be operational in April 2004. The expanded community center will house a senior center with a Senior+ program, therapeutic recreation programs, a multipurpose recreational complex, a teen center, administrative and storage space, an arts and crafts area, a fitness center, a new entrance and lobby, as well as an upgraded and expanded kitchen and child care facility.

West County Family Shelter

\$0.60 million

A fourth family shelter is proposed to be constructed to address the critical shortage of shelter beds for families with minor children. Currently, there are three family shelters with a combined total of 119 available beds. These include the Embury Rucker Shelter in Reston, Shelter House in Falls Church, and Mondloch II located in the southeastern part of the County. Since the County's three shelters accommodate only 30-35 families at a time, it can take up to four months for a family to get into a shelter where they have access to supportive counseling; development and implementation of a service plan to address the issues that led to the family's homelessness; and referral to and coordination of services provided by public and private agencies. The waiting list for the family shelters has averaged over 60 families since the spring of 1999. Families with no resources may be placed in motels, which are an expensive and undesirable alternative to a shelter, but are often the only option available in a crisis. To address this unmet service need, a 60-bed facility with the capacity to serve up to 20 homeless families is proposed to be constructed as part of a public-private partnership in the western part of the County. The Department of Family Services is responsible for the oversight of shelter operations and administration of shelter contracts, as well as maintenance and repair at shelter facilities. FY 2004 funding of \$600,000 will provide necessary furniture and some operating expenses to enable the shelter to open in mid-FY 2004, which is anticipated to result in a further reduction in emergency motel placements when the facility is fully operational.

School Age Child Care (SACC) Centers

\$0.36 million

FY 2004 funding of \$1,449,675 and 19/19.76 SYE new positions are included to support one new room each at four new SACC Centers due to new elementary school construction (Northeast Centreville, Island Creek, Andrew Chapel, and Lorton Station), one new room due to renovation (Lemon Road) and associated staffing required to support the SACC program and transition the school year SACC centers at Parklawn, Annandale Terrace, and two as yet undetermined elementary schools to a year-round schedule. The FY 2004 Advertised Budget Plan originally included funding for two rooms at each of the four new centers. Based on the availability of funds, however, this was reduced to one room each. After revenue of \$1,087,256, the net cost to the County is \$362,419. These five new rooms will accommodate a total of 180 children in 150 regular slots and 30 special needs slots. This brings the total number of SACC Centers to 129 in FY 2004. Each center serves between 35 and 75 children during the school year, bringing the expected FY 2004 enrollment to 9,102 children.

West County RECenter Start-Up

\$0.50 million

A General Fund appropriation of \$500,000 is necessary to help offset increased costs for the West County Recreation Center, a project funded in Fund 303, County Construction. This 65,824 square-foot facility will include a 25 meter by 25 yard competitive swimming pool, a leisure pool, whirlpool/spa, weight training and fitness areas, multipurpose rooms, and administrative and support service areas. As part of the FY 1998 Bond Referendum, funding of \$15,000,000 was identified for construction of this facility. The current Total Project Estimate has increased by \$3,527,000, with an amount of \$2,527,000 identified in Park Authority bonds to partially offset this cost increase. The remaining balance of \$1,000,000 is to be provided by the General Fund. An amount of \$500,000 was approved in FY 2003, and FY 2004 funding of \$500,000 will complete the General Fund commitment. In addition to the capital project funding, FY 2004 funding of \$314,411 is included in Fund 170, Park Revenue Fund, to provide for 14/14.0 SYE

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merit staff (to be phased in over the course of the fiscal year), fringe benefits, operational start-up costs, and necessary equipment for the facility, which is scheduled to open in July 2004.

South County Government Center Maintenance Support

\$0.07 million

County facility space has grown to over 8 million square feet including 159,000 square feet at the South County Government Center, which opened in April 2002. FY 2004 funding of \$0.07 million is included for 1/1.0 SYE new trades position to begin to address much-needed maintenance support associated with growth in County space as well as support construction logistics and maintenance requirements related to the courthouse expansion.

Support for Youth, Family and the Community

Special Education Graduates

\$0.36 million

Funding of \$359,000 will provide day support services for 19 new special education graduates of the Fairfax County Public Schools (FCPS). Since 1985, the Fairfax-Falls Church Community Services Board (CSB) has provided training and employment for special education graduates, most of whom have received 20 years of federally mandated education. Of the 68 special education graduates scheduled to graduate in June 2003, 33 are under age 22 and in accordance with the Individuals with Disabilities Education Act (IDEA), are still eligible to receive services from FCPS. Of the remaining 35 students who are over age 22 and are no longer eligible to receive services from FCPS, the 19 designated to receive CSB services in FY 2004 are individuals with the most profound level of mental retardation and significant medical and/or physical challenges. CSB estimates that an additional \$433,965 would be required to serve the remaining 16 graduates and provide transportation for those who require it. It is anticipated that funding to serve the remaining 16 graduates will be made available when the state assigns new Medicaid waiver slots and funding to the CSB in early FY 2004.

Including the June 2003 graduating class, total funding of \$16.8 million or approximately 20 percent of CSB's annual budget provides services for over 1,000 special education graduates. Due to the high annual cost per graduate, the Board of Supervisors directed that a study of the Mental Retardation Special Education Graduates Program be undertaken to analyze costs and identify options for enhancing the sliding scale fee to reduce the County's share of costs. Recommendations from this study will be incorporated in the FY 2005 Advertised Budget Plan.

Teen Center Redesign

\$0.23 million

The Department of Community and Recreation Services (DCRS) will realign teen center programs and services into a regional model to maximize agency resources, provide better coverage of programs during staff vacancies and absences, and facilitate coordination of services with other Human Services agencies. Based on community input, beginning in FY 2004, the current teen center model will transition from one with nine centers (one in each magisterial district) to a regional model comprised of five regional centers, ten neighborhood centers, and ten community-based programs. Each of the five regional teen centers will offer a full schedule of programs and activities. These facilities will be open year-round six days per week and will provide after-school and summer day activities, as well as shuttle transportation to and from target communities and area schools. Each region will have two neighborhood drop-in centers that will offer open gym activities (basketball, volleyball, etc.). These facilities will be open on Friday and Saturday nights during the school year and on Tuesday, Wednesday, Thursday, and Friday nights in the summer. The neighborhood centers will be located in areas of greatest need. Shuttle transportation from the neighborhood centers to the regional centers will be provided. Each region will also have two community program facilities that provide community-based clubs, alternative recreation programming, and short-term recreation programs and activities. These community programs will be tailored to the needs of the community and will promote youth participation at regional teen centers. It is anticipated that community programs will develop partnerships with other community organizations and schools. The goal of this redesign initiative is to provide greater flexibility in meeting the needs of teens and the community, as well as eliminate barriers between magisterial districts. FY 2004 funding represents \$125,000 in Capital Equipment and \$104,207 in Operating Expenses.

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Support for Transportation

Funding for Metro Operations

\$74.5 million

Fairfax County's obligation for Metrorail and Metrobus operations as well as capital requirements is anticipated to be \$74.5 million in FY 2004. This funding supports existing Metrorail and Metrobus service levels as well as MetroAccess ridership, the continuation of Springfield Circulator Bus Services, and enhancements initiated by the Washington Metropolitan Area Transit Authority (WMATA) in FY 2003. It includes \$53.4 million in operating expenses and \$19.5 million in capital construction expenditures. These capital expenditures encompass the maintenance of facilities, equipment and buses, in addition to supporting the 103-mile Metrorail system. An amount of \$12.3 million in the capital program reflects the subsidy requirement for the Infrastructure Renewal Program, an amount that is expected to increase in future years. The anticipated County General Fund Transfer to Metro is \$12.3 million, similar to the FY 2003 level. This General Fund subsidy assumes level amounts of Gas Tax and State Aid as well as fare increases and cost reduction options approved by the WMATA Board of Directors. Since the WMATA budget will not be final until June 2003, any necessary adjustments to the FY 2004 funding level will be made at the *FY 2003 Carryover Review*.

County Transit Funding

\$20.3 million

In FY 2004, the County will provide \$20.3 million for County Transit Systems, an increase of \$2.4 million over the FY 2003 funding level of \$17.9 million. This funding provides for operating and capital expenses for the FAIRFAX CONNECTOR bus system, which is comprised of the Huntington and Reston-Herndon Divisions, as well as the County's share of the subsidy for the Virginia Railway Express (VRE) commuter rail services. In FY 2003, the Community Bus Services Division and the Reston-Herndon Division were merged so that the services previously provided by two contractors from two garages could be accomplished more efficiently by one contractor at one garage. For FY 2004, the first fare increase for the FAIRFAX CONNECTOR since 1993 is proposed. This is expected to increase the base fare by 25 cents and increase the fare paid with a Metrorail-to-bus transfer. FY 2004 is also the first year of implementation of a plan to spread out the rate of bus replacement. FY 2004 funding includes \$3.3 million, which when combined with \$1.2 million funded as part of the *FY 2003 Third Quarter Review*, will allow for the replacement of 15 FAIRFAX CONNECTOR buses. Maintaining a regular program of bus replacement will sustain future bus service reliability and will reduce large funding fluctuations.

Employee Compensation

An organization's most valuable resource is its people. In local government, the key to delivering quality programs is recruiting and retaining employees who are dedicated to public service. One of the reasons Fairfax County has been able to meet a 24 percent increase in population since FY 1991 with an increase in authorized staffing of only 0.8 percent or 91 positions, is its workforce that is committed to developing innovative solutions in order to ensure efficient and effective operations. Fairfax County employees have consistently made productivity gains and taken on more responsibilities in an increasingly complex environment that requires different skills from just a decade ago. To sustain an effective workforce, the FY 2004 budget supports a compensation program that provides fair and equitable compensation and benefits that are competitive with the marketplace. The increased cost of this program in FY 2004 is \$17.4 million and is funded entirely within the Board of Supervisors' established budget guidelines.

The FY 2004 Adopted Budget Plan includes the elimination of 124/125.15 SYE positions based on funding reductions in a number of County programs. This decrease is partially offset by 49/48.49 SYE new positions, primarily associated with public safety and new facilities, for a net reduction of 75/76.66 SYE positions.

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Non-Public Safety Adjustments

\$8.64 million

In FY 2001, Fairfax County implemented a new performance management system for non-public safety employees. Based on ongoing dialogue between employees and supervisors regarding performance and expectations, the system focuses on using performance elements for each job class to link employees' performance with variable pay increases. FY 2002 was the last year for the cost-of-living adjustment for over 8,000 non-public safety employees so annual compensation adjustments are now based solely on performance. For the first three years (FY 2001-FY 2003), employees had the opportunity to earn pay increases ranging from 0-7 percent depending on their performance rating. As part of the FY 2004 budget adoption, the Board of Supervisors reduced pay for performance awards by 25 percent, effectively capping non-public safety pay increases at 5.25 percent. In addition, high-performing employees who are at the top of their pay range are eligible for a lump sum bonus of 2.25-3.75 percent. This is also a 25 percent reduction from the previous range of 3.0-5.0 percent. In FY 2004, funding of \$8,644,834 is included for the Pay for Performance program, which will continue to be monitored and fine-tuned to achieve a system that is both effective and financially viable.

Furthermore, in order to ensure that pay scales remain competitive with the market, non-public safety pay scales are increased in accordance with the annual market index which is calculated based on data from the Consumer Price Index; the Employment Cost Index, which includes private sector, state and local government salaries; and the Federal Wage adjustment. This is designed to keep County pay scales from falling below the marketplace, requiring a large-scale catch-up every few years. In FY 2004, the non-public safety pay scales will be adjusted 2.56 percent based on the current market index. However, it is important to note that employees do not receive this adjustment as they did in the past through a cost-of-living increase. Pay increases can only be earned through performance. By adjusting the pay scales however, employees' long-term earning potential remains competitive with the market.

Uniformed Public Safety Adjustments

\$7.98 million

In FY 2004, pay increases for uniformed public safety employees who do not participate in Pay for Performance will be linked to a market rate adjustment and step increments. Funding in the amount of \$1.92 million has been included for those eligible to receive public safety merit increments. In addition, \$6.06 million is included to provide a 2.10 percent market rate adjustment for all uniformed public safety employees. A 2.56 percent adjustment was included in the County Executive's proposed budget; however, in recognition of the County's fiscal challenges, the public safety employee groups agreed to a reduction of \$1.33 million associated with a decrease in the market adjustment from 2.56 to 2.10 percent.

Market Study Results

\$0.23 million

Fairfax County undertakes an annual market study to address issues of employee recruitment and retention, and to ensure pay competitiveness. Certain job classes are compared against comparable positions in both the public and private sectors. This year, the study included 55 core benchmark classes (selected based on the occurrence of matching job classes in the Metro area and the availability of sufficient market data in the recruitment area) as well as 27 supplemental classes reviewed as requested by agency directors for FY 2004. Based on the study findings, only 6 of the 82 classes benchmarked were found to be 5 percent or more behind the market average, requiring an adjustment. These classes include: Physical/Occupational Therapy Supervisor, Library Page, Chief Transit Operations, Weighmaster, and Auto Parts Specialists I and II. Of the 337 positions in those classes, 279 are Library Pages who work limited hours. In accordance with current Personnel Regulations, individuals on the "S" pay plan move to the new pay grade, but remain at their current pay rate. Only those employees whose current pay falls below the minimum for the new pay grade will receive a pay adjustment. For FY 2004, \$225,000 is included to address this adjustment for the Library Page job class.

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Shift Differential

\$0.56 million

FY 2004 is the final year of the three-year, planned phase-in of an increase in shift differential. Since it is necessary to provide a number of essential County services on a 24 hours a day, 7 days a week basis, County employees in those agencies work evening and overnight shifts to ensure this important coverage. In FY 2001, the Department of Human Resources surveyed other Washington area jurisdictions on their shift differential rates and found Fairfax County's to be among the lowest in the region. To bring these rates to a more comparable level, a three-year phased-in approach was adopted for all affected agencies except for the Fire and Rescue Department where the 24-hour shift differential was increased by \$0.44 effective January 2002. In FY 2004, the final year of the phase-in, the shift differential for all County employees on the 2nd shift is increased to \$0.65 and to \$0.90 for the 3rd shift, rates more consistent with the region. This results in an increase of \$0.56 million for FY 2004.

Other Employee-Related Items

Health Insurance Cost Increase

(\$1.09 million)

While Fairfax County is not immune to the same trend of health insurance cost increases being seen nationally, FY 2004 group health insurance premiums total \$42,784,134, a decrease of \$1,087,253 or 2.5 percent from the *FY 2003 Revised Budget Plan* primarily due to a one-time infusion of \$4.5 million as part of the *FY 2003 Third Quarter Review*. Without this infusion, the FY 2004 increase would have been \$3.5 million. This is based on projected premium increases of 15 percent for HMOs and 25 percent for the self insurance plan for calendar year 2004. In contrast to the slow medical care cost growth in the early to mid-1990s, spending in recent years for health care has steadily increased. Key drivers of this cost growth are increased utilization and the rising costs of prescription drugs. As strategies to contain health care costs, the County has employed plan modifications in recent years to increase deductibles and out-of-pocket limits as well as added incentives for generic drugs. This cost increase trend is expected to continue into FY 2005 and beyond.

Retiree Health Benefits

\$0.86 million

Fund 500, Retiree Health Benefits, provides monthly subsidy payments to eligible retirees of the County to help pay for health insurance. The current monthly subsidy is \$100 once a retiree or beneficiary reaches the eligibility age of 55 and for disability retirees at any age. However, beginning in FY 2004, subsidy payments will be adjusted to reflect proposed changes to the subsidy structure which includes a change from the flat per month subsidy to a graduated subsidy based on age and length of service. During FY 2004, the average number of subsidy recipients, including new retirees, who are eligible to receive the subsidy, is expected to increase by 157 or 8.5 percent, from 1,853 in FY 2003 to 2,010 in FY 2004. Estimates of the average number of subsidy recipients are based on a review of the projected number of retirements and health subsidy eligibility for personnel already retired from the Fairfax County Employees, Uniformed, and Police Officers Retirement Systems. In FY 2004, the General Fund Transfer will increase by \$860,253 or 38.6 percent over the *FY 2003 Revised Budget Plan* level of \$2,228,491, to \$3,088,744.

Retirement Systems

\$3.50 million

The FY 2004 employer contributions total \$54,113,402, an increase of \$3,499,844 or 6.9 percent over the *FY 2003 Revised Budget Plan*. This increase is based on the impact of the changes in the employer contribution rates as determined by the actuarial valuation as well as the impact of pay for performance/merit increments for current staff and for new positions as well as decreases associated with the real estate tax rate reduction. In March 2002, the Board of Supervisors adopted a corridor approach to employer contributions, which enhances stability and ensures adequate funding of the Retirement Systems. In the corridor approach, a fixed contribution rate is assigned to each system and the County contributes at the fixed rate unless the system's funding ratio falls outside of a pre-selected corridor (90-120 percent). Once outside the corridor, the County rate is either increased or decreased to accelerate or decelerate the funding until the ratio falls back within the corridor. Based on the low rate of return associated with the current economy, it may be necessary to increase the employer contribution significantly in FY 2005 to remain within the corridor.

BUDGET HIGHLIGHTS

Uniformed Retirement Increase

\$0.5 million

The Board included funding for an average 12 percent increase in Uniformed Retirement to be effective January 1, 2004 for an FY 2004 cost of \$450,000 based on a proposal developed by the retired firefighters association and supported by the Uniformed Board of Trustees to provide different levels of increases to Uniformed Service retirees depending upon the plan under which they retired. It should be noted that this results in a full fiscal year impact of \$1.86 million. This cost would be recurring until the liability has been funded or approximately 15 years. The increases are as follows:

Plan A	23%
Plan B	15%
Plan C	5%
Plan D	5%
Survivors of Retirees	10%

Based on the number of retirees and average benefits under each plan, the range of increases above represents a weighted-average increase of 12 percent. This assumes January 1, 2004 implementation. The full year fiscal impact of this benefit enhancement will not be realized until FY 2005.

Deferred Retirement Option Plan

\$0.54 million

As part of their deliberations on the FY 2004 budget, the Board of Supervisors approved funding of \$538,534 for a Deferred Retirement Option Plan (DROP) for uniformed public safety employees. This type of program is designed to retain critical employees in whom the County has invested considerable training. DROP allows an employee who has reached retirement eligibility to retire and have his or her annuity deferred into an account while continuing to work (without earning additional service credit for retirement) for 3 years. Based on a future evaluation of the effectiveness of this program, the Board may consider possible expansion to General County employees.

Training

(\$1.04 million)

Training funding in Agency 89, Employee Benefits, reflects a decrease of \$1,040,734 from the *FY 2003 Revised Budget Plan*. The decrease reflects the carryover of \$688,126 at the *FY 2002 Carryover Review*, as well as decreases of \$173,000 in technology-based training, \$79,608 for a 5 percent reduction in General County Training Programs, and an overall decrease of \$100,000 in order to reduce the tax rate further. The recommended funding level of \$1.2 million supports the County's Tuition Assistance Program; General County Training including supervisory development, career development and team-building; the Language Skills Program; and Information Technology Training. In addition, funding for agency-specific training initiatives such as certification requirements for Police, Fire, Sheriff and others is included in the individual agency operating budgets.

Reorganization/Redesign/Business Operations

Office for Women

(\$0.36 million)

The Office for Women will be eliminated in FY 2004 including the abolishment of 6/5.5 SYE positions. Support for the Commission for Women will be provided by the remaining positions transferred to the Department of Family Services (DFS). As part of this reorganization, funding of \$144,563 and 2/2.0 SYE positions, including 1/1.0 SYE Executive Director and 1/1.0 SYE Administrative Assistant IV, will be transferred from the Office for Women to DFS. The two positions will maintain an Office for Women within DFS and will continue to provide policy analysis and strategic planning support for the Commission for Women as well as serve as a liaison between the community and the County on issues of importance to women and girls, such as health care and domestic violence. Other activities and related outreach that the Office for Women previously provided, such as Girls in Technology and the Legal Roundtable, will no longer be offered.

BUDGET HIGHLIGHTS

Decal Mail-Out Program

(\$0.48 million)

As part of a business process redesign, the Department of Tax Administration will realize a net savings of \$483,695 due to the implementation of the Advance Decal Sales process for FY 2004. On January 6, 2003, the Board of Supervisors approved the advance mailing of vehicle decals with personal property tax bills to citizens who have no delinquent taxes. While it will require a taxpayer education campaign, this action will reduce counter traffic and seasonal cashier funding by 64 percent. Furthermore, although this redesign is not anticipated to affect revenue, collections will be monitored to ensure that no decrease occurs.

Human Services IT Reorganization

Net \$0

During FY 2003, County staff conducted an intensive review of the information technology (IT) requirements of Human Services agencies to identify unmet needs and service gaps that have developed over the past few years as a result of increasing service demands. Among the findings was an increasing dependence on technology to deliver services and support clients, as well as significant growth in the complexity of services being provided to citizens and complexity in technology solutions required to provide the services. This has resulted in a growing number of business applications used in the Human Services area, an increase in technical equipment deployed, and associated demand for adequate technical support resources to maintain these systems.

In order to meet unmet and changing needs, improve service delivery, strengthen the IT strategic focus of Human Services agencies, and refocus resources to build upon economies of scale, the FY 2004 budget proposes a plan that accomplishes this task and leverages County staff resources more efficiently. To implement this plan, 28/28.0 SYE Information Technology positions in the Department of Administration for Human Services are transferred to the Department of Information Technology in an effort to leverage expertise in that area. A small Information Technology staff, including one position transferred from the Department of Family Services, will exist in the Department of Administration for Human Services primarily to provide interagency coordination as well as strategic planning and implementation functions. Since this plan relies on existing resources, no additional funding is required.

Information Technology (IT)

\$9.65 million

In FY 2004, \$9,449,844 will be transferred from the General Fund and supplemented by \$200,000 in interest income to fund projects totaling \$9,649,844. Based on financial constraints for FY 2004, agencies were given stringent requirements that any project requests must meet the following criteria: no new projects would be funded; additional funding for existing projects would only be considered for contractual obligations and to complete a phase of the project; and the project must be completed and maintained without additional staff. In addition, proposed projects were reviewed from both a business and a technical perspective. On the business side, consideration included whether the project would benefit citizens, the County, or both. On the technical side, factors included how closely the project matched existing County IT infrastructure as well as its impact, and the technical risks associated with the commercial availability of and the organizational experience with the proposed hardware, software and support.

Final funding consideration was guided by the five IT priorities established by the Senior Information Technology Steering Committee, which consists of the County Executive and senior County managers. The funding distribution by priorities is shown below:

Priority	FY 2004 Adopted Funding
Convenient Access to Information and Services	\$1.48 million
High Level of Responsiveness to Customer Requirements	\$2.52 million
Management of County Information Assets	\$2.77 million
Management of County Technology Assets	\$2.55 million
Management of County Human Resource Assets	<u>\$0.33 million</u>
TOTAL	\$9.65 million

BUDGET HIGHLIGHTS

Termination of Solid Waste Reduction and Recycling Centers

\$0

The Solid Waste Reduction and Recycling Centers (SWRRC) program operates on a user fee basis in which participants purchase a permit that entitles them to use the disposal and recycling facilities at two SWRRC sites located in Great Falls and McLean. The services provided to SWRRC customers are provided by staff and equipment paid for by Fund 109, Refuse Collection and Recycling Operations. In order to ensure adequate operating funds, FY 2003 rates were increased from \$195 to \$225, while cost reductions were made in staff and hours at the two sites. The \$225 rate assumed the participation of 820 full-year customers. As of January 21, 2003, there were only 780 full-year customers. The number of customers using this service has been declining each year since FY 1997 when there were 1,593 participants. SWRRC program participation and costs have been carefully monitored by Refuse Collection and Recycling Operations staff and it is projected that the SWRRC program will have a deficit of approximately \$9,622 for FY 2003 due primarily to the declining customer base. A General Fund Transfer to fund this deficit was included in the *FY 2003 Third Quarter Review*.

In order to avoid further General Fund subsidy of the SWRRC program, the FY 2004 Adopted Budget Plan assumes that the program will end effective June 28, 2003 (last Saturday of operations) and will not be offered in FY 2004. It should be noted that an estimated fee of \$255 would have been necessary to continue to provide this service assuming a full-year customer base of 785 customers. This represents an increase of \$30.00 or 13.3 percent over the FY 2003 fee of \$225. However, as the FY 2003 full-time customer base was only 780 customers, the 785 estimate is considered too optimistic given the past history of customer declines when rates are increased. Historically the program has experienced an average decline of 17 percent in the customer base when a rate increase is implemented. Assuming a 17 percent decline in the full-year customer base of 780, the customer base would decrease to 647 and the fee requirement would increase to approximately \$311 per customer. It should be noted that the agency explored several alternatives – close the McLean site, or close both sites and find one new centrally located site. However, all of the alternatives considered involved decreased services and required increasing fees beyond FY 2003 levels due to anticipated declines in the customer base.

Capital Construction Program

Capital Improvement Program Enhancements

In FY 2004, the County will continue to use the recently enhanced Capital Improvement Program (CIP) to more effectively plan for its capital facility requirements and to manage its existing capital facility assets. The County has been challenged in recent years to keep pace with facility requirements - both in terms of new facilities to address population growth as well as the ongoing capital renewal needs of existing facilities and infrastructure. As part of the FY 2003 CIP, the Board of Supervisors approved the Principles for Sound Capital Planning and Criteria for Recommending Capital Projects. For the FY 2004 - 2008 CIP, the Principles and Criteria were used for the first time to develop a priority ranking of all existing and future CIP projects. In addition, other enhancements include: earlier and more frequent communication during the development of the CIP with the Board of Supervisors, the Planning Commission, other Boards, Authorities and Commissions and user agencies; an enhanced description of the explicit linkages between the CIP, the Comprehensive Plan and the annual budget; and considerable improvements to the format and appearance of the CIP document. This year, the CIP was released concurrently with the FY 2004 Advertised Budget Plan.

Paydown Construction Program

\$14.39 million

For FY 2004, a total of \$14,390,817 is included for County Paydown construction and is directed to the most critical projects. This program will be supported with a General Fund transfer of \$4,028,041, State revenue of \$8,362,776, and \$2,000,000 in other revenues.

County Maintenance

\$1.39 million

Funding in the amount of \$1,385,000 will continue to provide general maintenance funds to address priority requirements at County facilities including carpet replacement; HVAC/electrical replacement; roof repair and waterproofing; parking lot resurfacing; fire alarm replacement; emergency generator replacement; and Americans with Disabilities Act (ADA) compliance at County facilities. Funding is also included for miscellaneous building repairs.

BUDGET HIGHLIGHTS

Parks Maintenance

\$1.65 million

Funding in the amount of \$1,649,000 has been included for Park maintenance at non-revenue supported Park facilities to address such items as repairs/replacements to roofs; electrical and lighting systems; security and fire alarms; sprinklers; HVAC equipment; grounds maintenance; minor routine preventive maintenance; and ongoing implementation of ADA compliance at Park facilities.

Athletic Field Maintenance/Lighting

\$3.02 million

Funding in the amount of \$3,022,813 has been included for the Athletic Field maintenance program. This level of funding will provide for limited routine maintenance at all elementary and middle FCPS athletic fields and Park Authority fields. In addition, funding has been included to upgrade athletic field lighting at selected boys' baseball and girls' softball fields.

Stormwater Management

\$1.82 million

Funding in the amount of \$1,820,000 has been included for storm drainage maintenance and emergency repairs including: Kingstowne environmental monitoring; dam safety inspections and improvements; perennial stream mapping; annual emergency drainage repairs throughout the County; and the Virginia Pollutant Discharge Elimination System (VPDES) Municipal Separate Storm Sewer System (MS4) discharge permit, which is considered a renewal of the National Pollutant Discharge Elimination System (NPDES) permit and will be valid for five years.

New or Renovated County Facilities

\$2.74 million

Funding in the amount of \$2,742,622 has been included for new or renovated County facilities including: \$500,000 to help offset construction costs associated with the West County Recreation Center; \$2,142,622 to continue to address property management and development at the Laurel Hill property; and \$100,000 to begin to address prioritized modifications at County facilities to ensure compliance with the Health Insurance Portability and Accountability Act (HIPAA). The HIPAA mandate requires compliance with electronic transmission, privacy, disclosure, security, and storage regulations with respect to both employee and customer health data to protect the privacy of individually identifiable information.

Payments and Obligations

\$2.31 million

Funding in the amount of \$2,311,382 has been provided for costs associated with annual contributions and contractual obligations. Funding of \$1,021,702 is required for the second year of a five-year lease-purchase agreement for systems furniture at the new South County Center. In addition, \$500,000 is included for the County's annual contribution to offset school operating and overhead costs associated with SACC centers. Finally, funding of \$789,680 is included for the County's annual contribution to the Northern Virginia Community College (NVCC) capital program, which provides for continued construction and maintenance of various capital projects on college campuses within the NVCC system.

Revitalization Initiatives

\$0.94 million

Funding totaling \$935,000 is provided for specific commercial revitalization efforts in Baileys Crossroads/Seven Corners, Annandale, Richmond Highway, Lake Anne, Merrifield, Springfield, and McLean.

Other Paydown Projects

\$0.52 million

Other Paydown projects supported in FY 2004 total \$525,000 and include: VDOT participation for sidewalk repair and replacement; developer defaults; annual road maintenance; and the Board of Road Viewers program.

BUDGET HIGHLIGHTS

Bond-Funded Projects

\$181.14 million

In FY 2004, an amount of \$181,140,532 is included in General Obligation bond funding. Of this amount, \$130,000,000 is budgeted in Fund 390, Public School Construction, and \$2,919,980 has been included in Fund 309, Metro Operations and Construction, to support the 103-mile Metrorail System, as well as maintain and/or acquire facilities, equipment, railcars and buses. In addition, FY 2004 bond funding in the amount of \$48,220,552 includes the County contribution of \$2,250,000 to the Northern Virginia Regional Park Authority, design costs of \$1,000,000 associated with the West Ox CONNECTOR Bus Facility, \$34,970,552 for the remaining authorized bonds associated with the expansion of the Jennings Judicial Center, and \$10,000,000 for land acquisition within the Park Authority bond program as approved by the voters in November 2002. Funding for these bond projects is consistent with the FY 2004 - 2008 Capital Improvement Program (With Future Years to 2013).

Tax Rate and Fee Adjustments

The FY 2004 Adopted Budget Plan includes \$17.3 million in fee adjustments including \$12.0 million in General Fund revenues. Various General Fund fees and fares were adjusted in order to maximize revenue and cost recovery for those services supported by fees and fares, as well as bring them more in line with surrounding localities. The Board of Supervisors also instituted a mobile phone tax in order to diversify the revenue base. This tax is projected to generate \$9.5 million in FY 2004. In addition, the \$17.3 million increase includes \$0.5 million in the General Fund-Supported County Transit Fund associated with a transit fare increase and an increase in the E-911 tax that will generate \$4.8 million based on what the *Code of Virginia* will allow in recovered costs.

The FY 2004 Adopted Budget Plan contains a 5-cent reduction in the Real Estate tax rate from \$1.21 to \$1.16 per \$100 of assessed value. The typical household will pay nearly \$160 less as a result of the tax rate reduction. The cumulative two-year rate reduction of 7 cents results in the typical household paying \$222 less than if the rate remained the same. Personal Property taxes remain at the FY 2003 rates.

The FY 2004 Budget Plan continues the **Tax Relief Program for the Elderly and Disabled Program**, approved by the Board of Supervisors. The program provides 100 percent exemption for elderly and disabled taxpayers with incomes up to \$40,000; 50 percent exemption for eligible applicants with income between \$40,001 and \$46,000; and 25 percent exemption if income is between \$46,001 and \$52,000. The allowable asset limit is \$160,000 for all ranges of tax relief.

General Fund – Fee Increases

General Fund revenue enhancements total \$12.0 million associated with increased user fees, permits and fines, and a mobile phone tax. They include:

◆ Animal Impoundment Fees	\$40,000
◆ Health Inspection Fees	\$106,080
◆ Parking Fees at the Public Safety Complex	\$150,000
◆ Zoning Fees	\$153,104
◆ Fire Marshal Fees	\$160,000
◆ Residential Permit Parking District Decal	\$220,000
◆ Recreation Fees	\$268,159
◆ Overdue Library Book Penalties	\$300,000
◆ Parking Violation Fines	\$1,065,405
◆ Mobile Phone Tax	\$9,500,000

Transit Fare Increase

In FY 2004, Fairfax County will reduce the “buydown” of the base fare on the FAIRFAX CONNECTOR from \$0.50 to \$0.25. When the CONNECTOR first started in 1985, the County’s policy was that fares should be the same as corresponding Metrobus fares. However in 1987, Fairfax County began a policy of “buying down” feeder bus route fares in order to encourage ridership. With an FY 2003 base fare of \$1.00, the County provides a discount of \$0.50, resulting in the current \$0.50 fare to FAIRFAX CONNECTOR riders. With this reduction in the buydown, the base fare for FY 2004 will increase by \$0.25 as will fares paid with a Metrorail-to-bus transfer. On the vast majority of routes in the CONNECTOR system, base fares will increase from \$0.50 to \$0.75. An additional \$500,000 in revenue is anticipated as a result of this buydown reduction.

BUDGET HIGHLIGHTS

E-911 Rate Increase

The main source of revenue for Fund 120, E-911, is E-911 tax receipts, a revenue source that is experiencing declining growth rates. In FY 2002, Fairfax County posted a decrease in actual E-911 fee revenue of 4.9 percent from the previous fiscal year. During the three fiscal years prior to FY 2002, the County experienced increases of 4.7 percent, 3.5 percent and 4.1 percent, respectively. Current projections for FY 2003 indicate another decrease from the FY 2002 actual revenue received. This revised estimate was reflected in the *FY 2003 Third Quarter Review*. The decrease is a reflection of changes in telephone line installations within County businesses and residences. In addition, staffing requirements to meet growing operational demands, and ongoing technological developments, both for upgrade and replacement, have increased expenditures in this fund over the past several years. As a result, an increase to the E-911 tax rate of \$0.75 per line per month, from \$1.75 to \$2.50 per line per month, is included in the FY 2004 Adopted Budget Plan. This increase, to be implemented on September 1, 2003, will result in an E-911 fee revenue increase of \$4,821,428 over the *FY 2003 Revised Budget Plan*. The E-911 tax rate has remained at the same level since FY 1998 when it was raised from \$1.69 per line per month to the current \$1.75 per line per month. The statutory cap on the E-911 tax rate is \$3.00 per line per month.

Sewer Fees Increase

The FY 2004 Sewer Service Charge and Availability Fee are based on increased costs associated with capital project construction, system operation and maintenance, debt service, and upgrades to effectively reduce nitrogen discharge from wastewater treatment plants in order to meet new, more stringent nitrogen discharge limitations. In FY 2004, Availability Fees will increase from \$5,247 to \$5,431 for single-family homes based on current projections of capital requirements. The Availability Fee rate for all types of units are adjusted based on expenses associated with treatment plant upgrades and interjurisdictional payments that result from population growth, more stringent treatment requirements, and inflation. The Sewer Service Charge rate will increase from \$2.95 to \$3.03 per 1,000 gallons of water consumption in FY 2004. Based on this rate increase, the additional annual cost to the typical household is anticipated to be \$6.08. Sewer Service Charges are adjusted based on projected capital requirements associated with the renovation and rehabilitation of existing treatment facilities.

Financial Forecast

The Financial Forecast for FY 2005 reflects a deficit of approximately \$12.3 million. In accordance with the Board's Budget Guidelines, the increases in County expenditures and the transfer to the Schools have been limited to match the revenue growth which is anticipated to be 4.97 percent in FY 2005. As a result, County and School spending levels will need to be suppressed to fit within the scope of this projected revenue growth. This will again make it extremely difficult to accommodate the necessary cost increases associated with inflation, population growth, state and federal mandates, and other factors. County staff will be working to continue to identify cost savings and other redesign opportunities that may be possible to offset some of this deficit. However, the County will be challenged to fit its many service requirements within the scope of available resources. Details of the FY 2005 Forecast can be found in the Financial Forecast section of the Overview volume.

Performance Measurement

Since the FY 1999 Advertised Budget Plan, Fairfax County has used a rigorous system of performance measurement in order to ensure greater accountability to the citizens of Fairfax County, as well as provide useful data for budget decisions and continuous improvement efforts. As part of the annual budget document, each agency reports on quantified objectives that are linked to a Family of Measures, which presents a balanced picture of performance. The Family of Measures consists of output, efficiency, service quality and outcome measures, the most important of which is outcome because it reflects the benefit to customers. Moreover, the County is now strengthening the linkage between agency performance and individual performance, particularly the Pay for Performance Program. In addition, as part of the County Executive's directive to all agencies to develop strategic plans that are linked to Fairfax County's Core Purpose and Vision Elements, agencies are re-evaluating their current measures to determine if they are helping them to achieve their agency mission and vision as well the County's Core Purpose.

BUDGET HIGHLIGHTS

Fairfax County Economic Index

The *Fairfax County Economic Index*, developed by economist Dr. Stephen Fuller of George Mason University, provides current information by which the performance of Fairfax County's economy can be evaluated. The *Index* provides a framework for analyzing the County's economy by tracking the strength of current conditions using the Coincident Index, and by forecasting future changes in the economy using the Leading Index. The *Fairfax County Economic Index*, which is published monthly, is available on the Department of Management and Budget's website at: <http://www.fairfaxcounty.gov/dmb>.

Budget Process Redesign

Over the past few years, the Department of Management and Budget has significantly streamlined the budget process in order to focus on value-added analysis and address requirements in a resource-constrained environment. In the past year, efforts have focused on studying both theory and applications for future budget enhancements. In line with the County Executive's approach to linking all agency strategic plans with the County's Core Purpose and Vision Elements, the Budget Process Redesign Team has recommended improvements that will strengthen this linkage in the annual budget document, which will enhance future resource allocation decisions as well as enable Fairfax County to more clearly demonstrate accountability for achieving key community outcomes. These improvements will be incorporated into the FY 2005 budget.

Budget Reductions

In order to balance the budget, while reducing the tax rate, a net total of \$51.3 million in programmatic reductions is necessary. During development of the FY 2004 budget, the County Executive directed agencies to identify potential 5 percent reductions, recognizing that based on two previous years of decreases, the FY 2004 cuts would result in programmatic and service impacts. In addition 'Targets of Opportunity' were identified, which ranged from total program elimination to redesign/reorganization initiatives that would result in savings beyond the 5 percent level. The objective was to focus on core service responsibilities, reducing staff support for important, yet non-mandated services. These reductions affect nearly 90 percent of all County General Fund and General Fund-supported agencies and totaled \$22.5 million. During deliberations on the budget, the Board of Supervisors made an additional \$28.8 million in reductions and reduced the real estate rate by another 3 cents, bringing the total cut to 5 cents, from \$1.21 to \$1.16 per \$100 assessed value. The expenditure cuts identified totaled \$51.3 million and are partially offset by the restoration of \$0.6 million in reductions recommended by the County Executive listed below. Details can be found in the individual agency narratives in Volumes 1 and 2 of the FY 2004 Adopted Budget Plan. These include:

◆ Marine Patrol	\$97,228 and 2/2.0 SYE positions
◆ Lincolnia evening facility attendant	\$45,200 and 1/1.0 SYE position
◆ Adult Health and Dental Partnership	\$145,000
◆ Middle School After School program	\$112,000
◆ Northern Virginia Resource Center for the Deaf and Hard of Hearing	\$27,599
◆ ADS residential services at Crossroads Adult, Crossroads Youth and A New Beginning	\$174,157 and 3/3.0 SYE positions
◆ School Education Officers (\$174,456 offset by a contribution from the County and Schools for a net impact of \$0)	\$0 and 4/4.0 SYE positions
Total	\$601,184

BUDGET HIGHLIGHTS

Reductions, Reorganizations and Redesigns

General Fund Impact	Positions	Agency/Fund	Description
(\$2,881,613)	0 / 0.00	Various	Reduction in pay for performance funding by 25% for all County agencies by reducing percentage increases awarded to employees in FY 2004 from 0 - 7% to 0 - 5.25%.
(\$1,326,758)	0 / 0.00	Various	Reduction of COLA for Public Safety employees from 2.56% to 2.10%.
(\$980,170)	0 / 0.00	Various	Reduction in PC replacement funding from \$500 to \$400 annually.
(\$7,547,374)	0 / 0.00	Not Applicable	Elimination of reserve recommended in the <u>FY 2004 Advertised Budget Plan</u> to partially offset additional state reductions or downturn in economy.
(\$124,904)	0 / 0.00	Board of Supervisors	Reduction in advertising funding for public hearing notices primarily as a result of negotiated advertising rates and 2% reduction for individual Board member office budgets.
(\$235,172)	0 / 0.00	County Executive	Reduction of limited term funding for training sessions, Internal Audit support and for administrative support for the Alternative Dispute Resolution program/Pay for Performance Appeals Panel, and other operating expenses.
(\$137,679)	0 / 0.00	Department of Cable Communications and Consumer Protection	Reduction in printing and postage for the Associations' Manual which will require 1,700 community organizations to access information online. Reduction of Archives retrieval support and mail service funding which may delay agency retrieval requests and mail delivery beyond core office hours, and other various operating expenses. Reduction of mail room support resulting in delay in mail handling, inserting and labeling. Reduction in consumer complaints support.
(\$364,459)	-3 / -3.00	Department of Finance	Reduction in Revenue Collection program impacting Countywide oversight and requiring departmental accountability for maintaining systems and performing collection reviews. Reduction in Compliance and Oversight program which will require existing Finance staff to absorb some of these functions, reduce funding for audit contractors and reviews of some external operations. Reduction of funding for e-Government initiatives.
(\$443,951)	-1 / -1.00	Department of Human Resources	Elimination of 1 position as part of ongoing reorganization, reduction in advertising and consulting funding, and elimination of exit interview program.
(\$208,677)	-5 / -5.00	Department of Purchasing and Supply Management	Elimination of 5 positions due to restructuring the Central Stores operation which will result in delayed response time in both ordering and distributing equipment, elimination of the Equipment Repair program, and increasing limits for Small Order and Purchase Card transactions which will result in greater audit requirements.
(\$86,601)	0 / 0.00	Office of Public Affairs	Reduced printing of Citizen Handbooks and other publications, as well as elimination of hardcopy Weekly Agendas, requiring citizens to access information online.
(\$73,938)	0 / 0.00	Electoral Board and General Registrar	Reduction in voter outreach programs for high school, Metro and shopping center registration efforts. Reduction in voter machine maintenance.
(\$393,465)	0 / 0.00	Office of the County Attorney	Reduction in outside litigation funding which may limit ability to utilize expert testimony during investigation and trial.
(\$215,431)	-2 / -2.00	Department of Management and Budget	Elimination of 2 positions supporting ad hoc requests and special projects and reduction in the number of printed budgets available for citizens requiring more use of online and CD-ROM budget resources.

BUDGET HIGHLIGHTS

Reductions, Reorganizations and Redesigns

General Fund Impact	Positions	Agency/Fund	Description
(\$1,437,919)	-16 / -16.00	Department of Tax Administration	Reduction of staffing for TARGET Program which is a County effort to identify tax evasion accompanied by an automation of much of the TARGET function. Implementation of an Advance Decal Sales program to reduce counter traffic and seasonal cashier funding by mailing decals to citizens with no delinquent taxes with their personal property tax bills. Reduction in seasonal staffing in the Real Estate clerical section which will delay site visits and property verifications. Reduction in staffing of parking ticket processing and collection associated with outsourcing parking tickets processing and collecting. Increase in fees passed on to citizens for tax collection efforts.
(\$1,307,796)	-8 / -8.00	Department of Information Technology	Elimination of 8 positions supporting telecommunications strategic planning, the Group Decision Support Center, inventory management, e-government, security audit investigations, Countywide architectural framework, enterprise-wide infrastructure operations, and general administration as well as reduced funding for review of phone bills and IDMS support. These reductions will impact the agency's ability to implement information technology improvements and software replacements for both agencies and service delivery.
(\$491,135)	0 / 0.00	Circuit Court and Records	Reduction of funding for limited term staffing in land records, law clerk salaries, training and other operating expenses in addition to continuing to manage vacancies. These actions will result in delays and possible backlogs in document retrieval and verification.
(\$145,072)	0 / 0.00	Commonwealth's Attorney	Management of position vacancies.
(\$52,648)	0 / 0.00	General District Court	Reduction of funding for court-appointed attorneys, supplies, repairs and maintenance, as well as downgrading of information processing position.
(\$691,561)	-4 / -4.50	Juvenile and Domestic Relations District Court	Elimination of 4 positions in the Juvenile Detention Center which will impact the agency's ability to deal with a fluctuating population. Elimination of the Children in Need of Supervision program, support for the Residential Aftercare grant, and the Work Training Program which will impact treatment and training programs for youth in the Court system. Reduction of funding for counseling and investigation services, and various operating expenses including training. Eliminate funding for the Enterprise School effective January 1, 2004. County staff are working to identify alternative funding sources for this program which serves 36 youth a year.
(\$896,238)	-8 / -5.75	Police Department	Reduction of School Crossing Guards, Inspections Division, Court Liaison program, Victim Services, Crime Solvers program (may result in elimination), community outreach, training expenses at the Criminal Justice Academy and limited term staffing and overtime. These reductions may have a significant impact on the department's ability to respond to public safety requirements.

BUDGET HIGHLIGHTS

Reductions, Reorganizations and Redesigns

General Fund Impact	Positions	Agency/Fund	Description
(\$1,164,452)	-15 / -15.00	Office of the Sheriff	Privatization of the food services function in the Adult Detention Center. Elimination of the Community Relations Branch which will eliminate the Sheriff's participation in activities such as fingerprinting for children, crime prevention and inspection of child safety seats. Reorganization of the mental health and alcohol and drug services provided in the Adult Detention Center, elimination of 1 position in the Office of the Sheriff and shifting total responsibility to the Fairfax-Falls Church Community Services Board for services to inmates.
(\$797,970)	0 / 0.00	Fire and Rescue Department	Transfer of recertification for Emergency Medical Services personnel to the Two for Life grant. Reduction of limited term staffing for building inspections and other personnel services costs by managing vacancies which may delay permitting. Reduction of financial support of volunteer training and gear. Reduction of capital equipment replacement, training and education-related programs.
(\$1,047,011)	0 / 0.00	Facilities Management Division	Reduction of utilities, custodial and other maintenance contract services which will require a decrease in the frequency of some facility cleaning, deferral of some maintenance, and a stricter control on temperature and lighting in County facilities. In addition, funding for a new position for South County Government Center maintenance support was eliminated.
(\$133,543)	0 / 0.00	Business Planning and Support	Increase in charges for administrative costs to Wastewater and Solid Waste funds.
(\$100,000)	-2 / -2.00	Office of Capital Facilities	Elimination of 2 positions supporting the Geographic Information System as a result of technological enhancements and for financial processing which may result in a processing backlog.
(\$497,661)	-3 / -3.00	Stormwater Management	Reduction of 2 positions in Sign Shop which will impact inspection of street signs and increase reliance on citizen identification of damaged signs. Elimination of 1 position in Flood Plains and Special Project branch which may impact flood plain analysis and delay design of house flooding projects. Reduction of funding for several maintenance programs which will result in deferral of repairs at commuter rail and park-and-ride lots, delay in repair and maintenance of storm drainage systems and inspection of storm water detention ponds. Reduction of contracted snow removal and County road repair.
(\$362,156)	-8 / -7.50	Office for Women	Elimination of separate Office for Women and 6 positions as part of refocusing agency on core services: job skills development, business development and support of the Commission for Women. Will eliminate some consultation and training activities and other outreach functions for career development that were previously provided. Remaining 2 positions will be incorporated into the Department of Family Services but will report directly to the Deputy County Executive for Human Services.
(\$3,510,876)	-4 / -4.50	Department of Family Services	Reduction of Fairfax Area Disability Services Board sign language interpretation, contractual services to Northern Virginia Legal Services, Virginia Initiative for Employment not Welfare caseload funding, Adult Protective Services placements, Child Protective Services transportation and staffing, Foster Care and Adoption contractual services, emergency motel placements, homeless shelter contracts, subsidized child care, Comprehensive Services Act, and Child Care Assistance and Referral program staffing, among other reductions. Funding for only one room each at the four new SACC sites to open in FY 2004.

BUDGET HIGHLIGHTS

Reductions, Reorganizations and Redesigns

General Fund Impact	Positions	Agency/Fund	Description
(\$497,057)	-2 / -2.00	Department of Administration for Human Services	Elimination of 2 administrative positions and management of vacancies and overtime, reduction of temporary salaries at Human Services warehouse, and reduction of printing and binding. These reductions will impact the agency's ability to provide support to the County's Human Service agencies.
(\$225,565)	-2 / -2.40	Department of Systems Management for Human Services	Reduction in staffing, overtime and limited term funding in Research Analysis and Project Services impacting the availability of demographic data and ability of the agency to respond to special projects. Elimination of one of the five Human Service regions and redrawing of Human Service regional boundaries.
(\$1,400,284)	0 / 0.00	Health Department	Reduction of funding for HIV grants which will eliminate County HIV funding to community-based organizations. Incorporation of the West Nile virus program into Fund 116, Integrated Pest Management. In addition, funding for 1 position to support the opening of the new Little River Glen Adult Day Care Center was deferred until FY 2005.
(\$183,643)	-1 / -1.00	Department of Community and Recreation Services	Reduction of hours at the David R. Pinn Community Center and Devonshire Senior Center. Reduction of field trips for Therapeutic Recreation clients and various operating expenses. Elimination of funding for the Sacramento Community Center supplemental summer day camp and after school programs.
(\$1,203,092)	-10 / -12.00	Fairfax County Park Authority	Reduction of mowing at newly acquired park properties, maintenance of trails, playgrounds and picnic areas, and various operating expenses. Reduction of hours and services at Hidden Oaks and Riverbend parks. Increase of charges to Park bond projects. Elimination of one summer Rec-PAC site, 3 positions supporting natural resource planning, stewardship and land management, the maintenance team assigned at the Government Center and the equivalent of 1.5 positions in central administration.
(\$1,741,008)	0 / 0.00	Fairfax County Public Library	Reduction of library materials funding by 22.6 percent, funding for self check-out system, furniture, equipment and training.
(\$30,000)	0 / 0.00	Economic Development Authority	Reduction in funding for increases in staff compensation in correlation with reductions in general county and public safety reductions.
(\$1,013,432)	-18 / -18.00	Land Development Services	Elimination of 18 positions supporting permit issuance, inspections and plan review which may substantially impact time required for processing and approving plans and permit applications. It will also impact ability to respond to customer complaints, concerns and questions.
(\$463,612)	-6 / -6.50	Department of Planning and Zoning	Elimination of 6 positions supporting plan interpretation, land use analysis, inspections, rezoning/special exceptions and ordinance enforcement. This will impact the timeliness of complaint resolution and could impact enforcement efforts.
(\$275,285)	0 / 0.00	Department of Housing and Community Development	Reduction of subsidy for Section 8 and Public Housing Under Management as a result of improved financial condition of those funds. Reduction in funding for annual audit costs based on current requirements.
(\$93,748)	-1 / -1.00	Human Rights Commission	Elimination of Operation Match which is a home-sharing program designed to identify affordable housing options. Transfer of 1 position to the Equal Employment Opportunity Grant to support the program on a short-term basis as well as reduction in operating expenses.

BUDGET HIGHLIGHTS

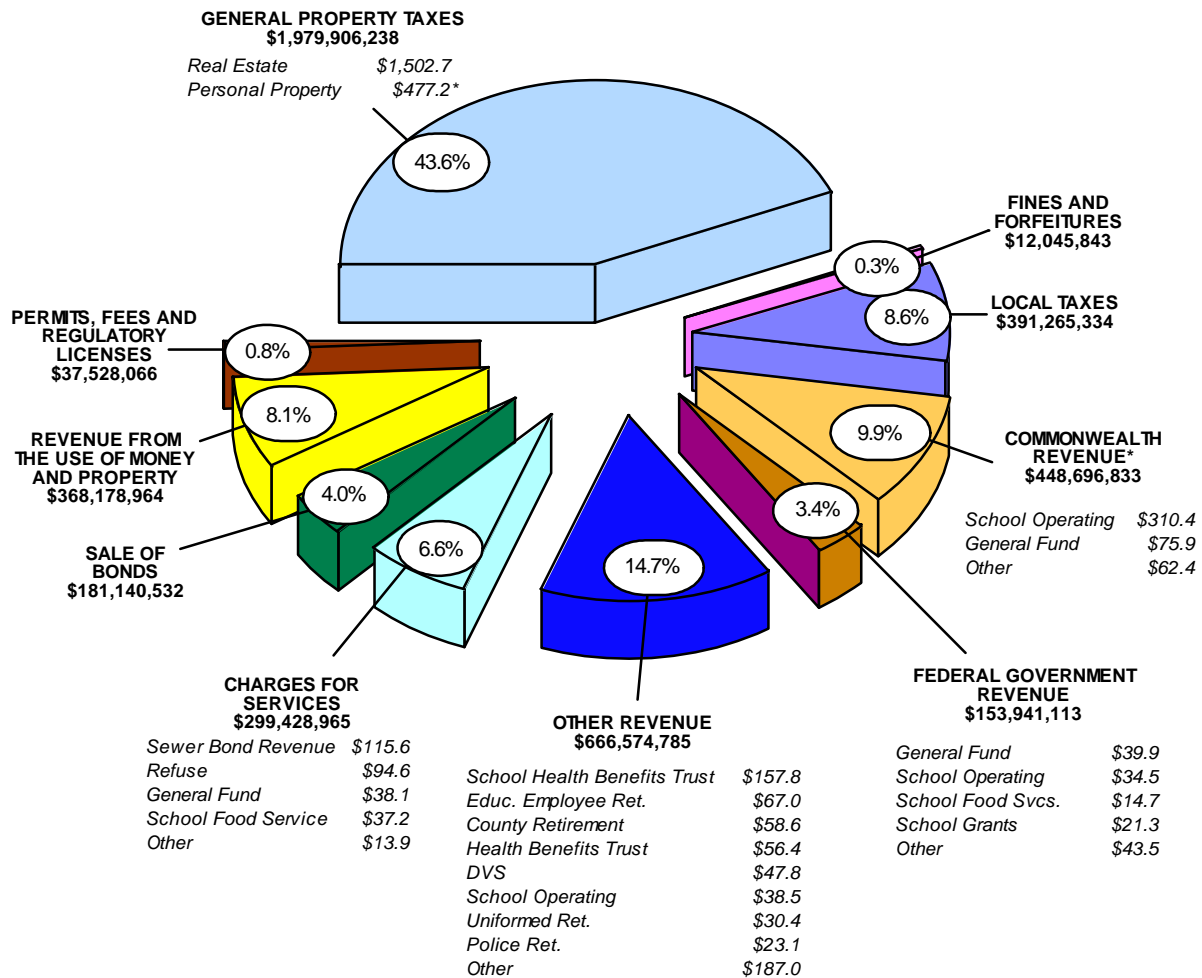
Reductions, Reorganizations and Redesigns

General Fund Impact	Positions	Agency/Fund	Description
(\$291,933)	0 / 0.00	Department of Transportation	Reduction in camera rotation for the Photo Red Light program, increased income eligibility for Seniors-on-the-Go which will impact approximately 125 seniors, and reduction in the number of neighborhoods participating in the Restricted Parking District Program.
(\$56,250)	0 / 0.00	Unclassified Administrative	Reduction of Local Cash Match for Residential Aftercare grant consistent with elimination of program in Juvenile and Domestic Relations District Court.
(\$812,002)	0 / 0.00	Employee Benefits	Reduction of General County Training and elimination of Mindleaders contract for computer-based training. This will decrease agency's ability to provide just in time training for agency staff. Reduction of Fringe Benefits as result of position eliminations in General Fund agencies. Reduction in EAC funding.
(\$134,043)	0 / 0.00	County Transit	Reduction in hours of service and frequency of Route 605 (Reston Town Center to Fairfax County Government Center).
(\$86,800)	0 / 0.00	Aging	Reduction of Community-Based Social Service program, congregate meals and home-based care services, and equipment purchase. These reductions will impact the level of outreach services to the elderly and disabled, result in 12,000 fewer meals delivered, and reduce home-based care services for 40 persons.
(\$2,315,073)	-5 / -5.00	Community Services Board	Reduction of mental health transportation, medication, prevention and residential services, mental retardation residential drop-in and early intervention services, supported living, family counseling, entry and referral and homeless shelter services and various operating expenses including training. In addition increase to program and client fees in residential group homes for mental health and mental retardation clients to maximize cost recovery. Also restructuring of the mental health and alcohol and drug services in the Adult Detention Center.
(\$200,000)	0 / 0.00		Reduction of subsidy to Solid Waste.
(\$93,356)	0 / 0.00	Contributories	Elimination of contribution to the Virginia Municipal League.
(\$651,168)	0 / 0.00	County Debt Service	Reduction of debt service funding as a result of Spring 2003 Refunding bond sale.
(\$2,000,000)	0 / 0.00	Paydown	Reduction of various maintenance projects (\$305,000), upgrading existing trails (\$75,000), stormwater management (\$400,000), data center reconfigurations (\$50,000), land acquisition reserve (\$1,000,000), HIPAA compliance (\$100,000) and developer defaults/roads (\$70,000).
(\$4,173,861)	0 / 0.00	Metro Operations and Construction	Utilization of existing balances at the Washington Metropolitan Area Transit Authority.
(\$665,000)	0 / 0.00	Housing Assistance Program	Elimination of undesignated revitalization project.
(\$105,368)	-1 / -1.00	Technology Infrastructure Services	Elimination of 1 position supporting software implementation.
\$0	1 / 1.00	Retirement Administration	Creation of position to support DROP program for Police and Uniformed retirees to be funded from retirement funds.
(\$4,292,720)	0 / 0.00	Various	Creation of a partnership for enhanced athletic field maintenance resulted in savings of \$1,292,720 as part of the FY 2004 Advertised Budget Plan. During deliberations on the budget, the Board of Supervisors determined that the proposal needed to be discussed more fully in the community to incorporate feedback from athletic groups. As a result, an expenditure reduction of \$3,000,000 was made. The \$3.3 million in revenue anticipated under the original proposal was also eliminated. As a result of these adjustments, the FY 2004 funding level of \$3.2 million for all athletic field maintenance is \$3.0 million less than the FY 2003 Advertised Budget Plan.
(\$50,660,530)	-124 / -125.15		

BUDGET HIGHLIGHTS

FY 2004 REVENUE ALL FUNDS

(subcategories in millions)

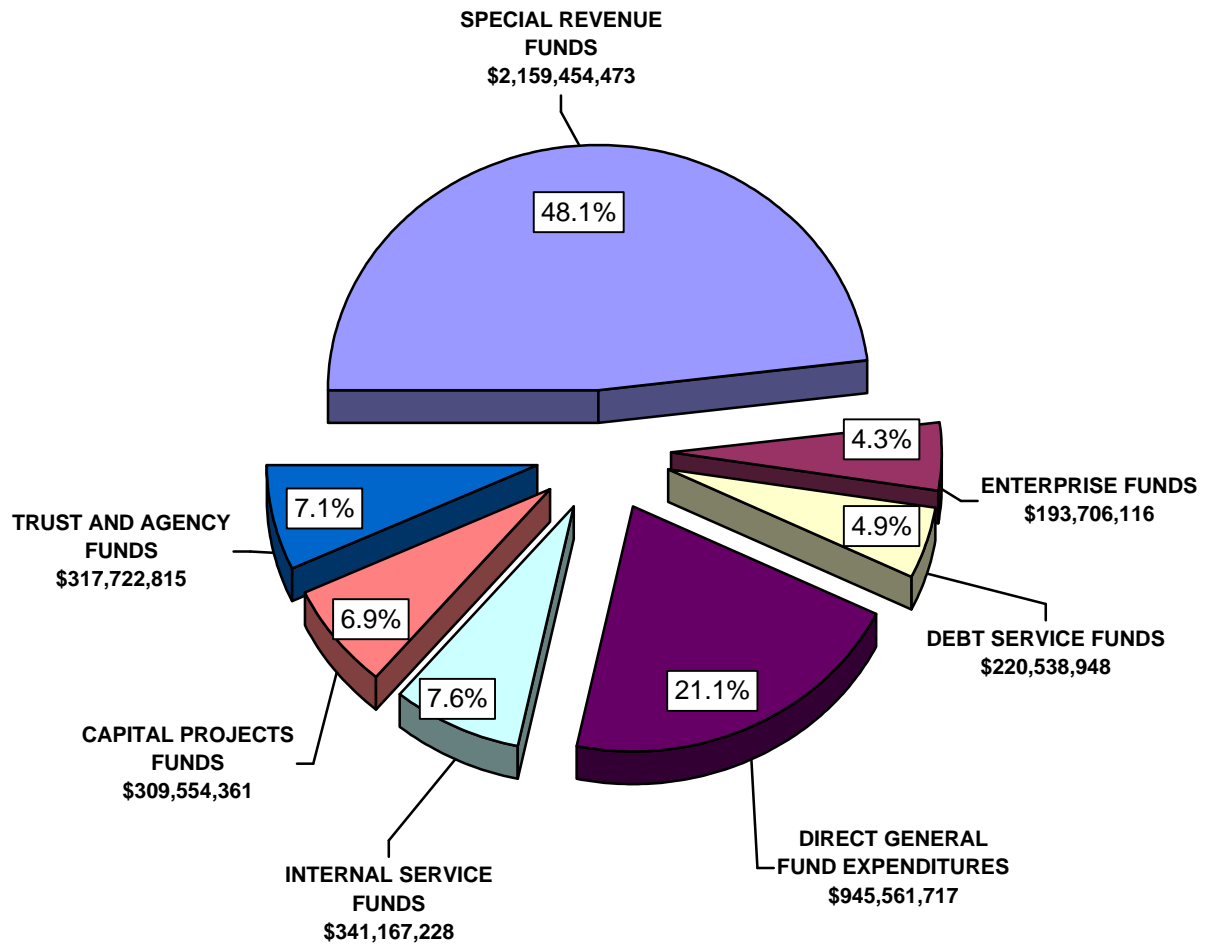


TOTAL REVENUE = \$4,538,706,673

* For presentation purposes, Personal Property Taxes that are reimbursed by the Commonwealth as a result of the Personal Property Tax Relief Act of 1998 are included in the Personal Property Taxes category.

BUDGET HIGHLIGHTS

FY 2004 EXPENDITURES ALL FUNDS



TOTAL EXPENDITURES = \$4,487,705,658